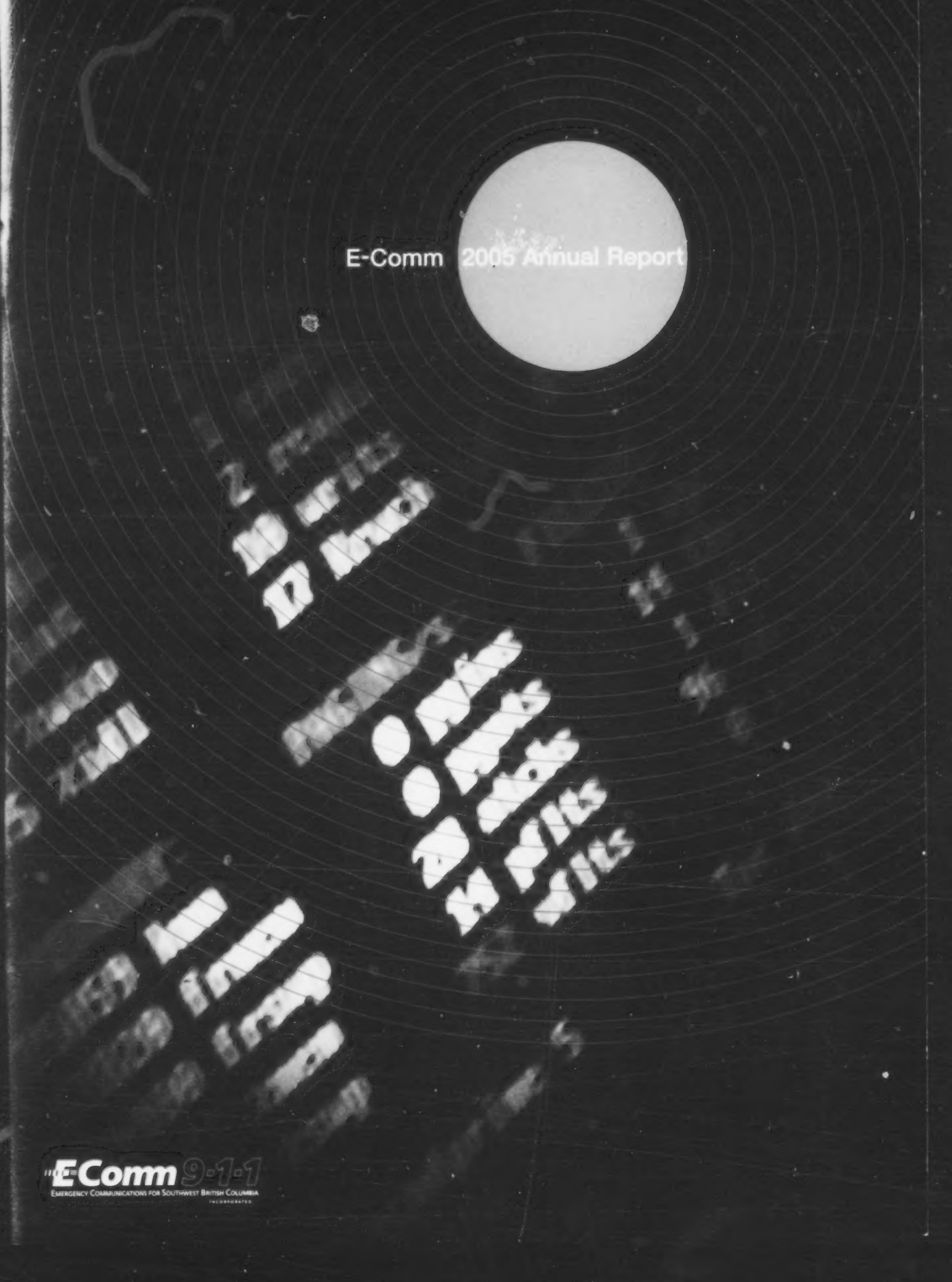
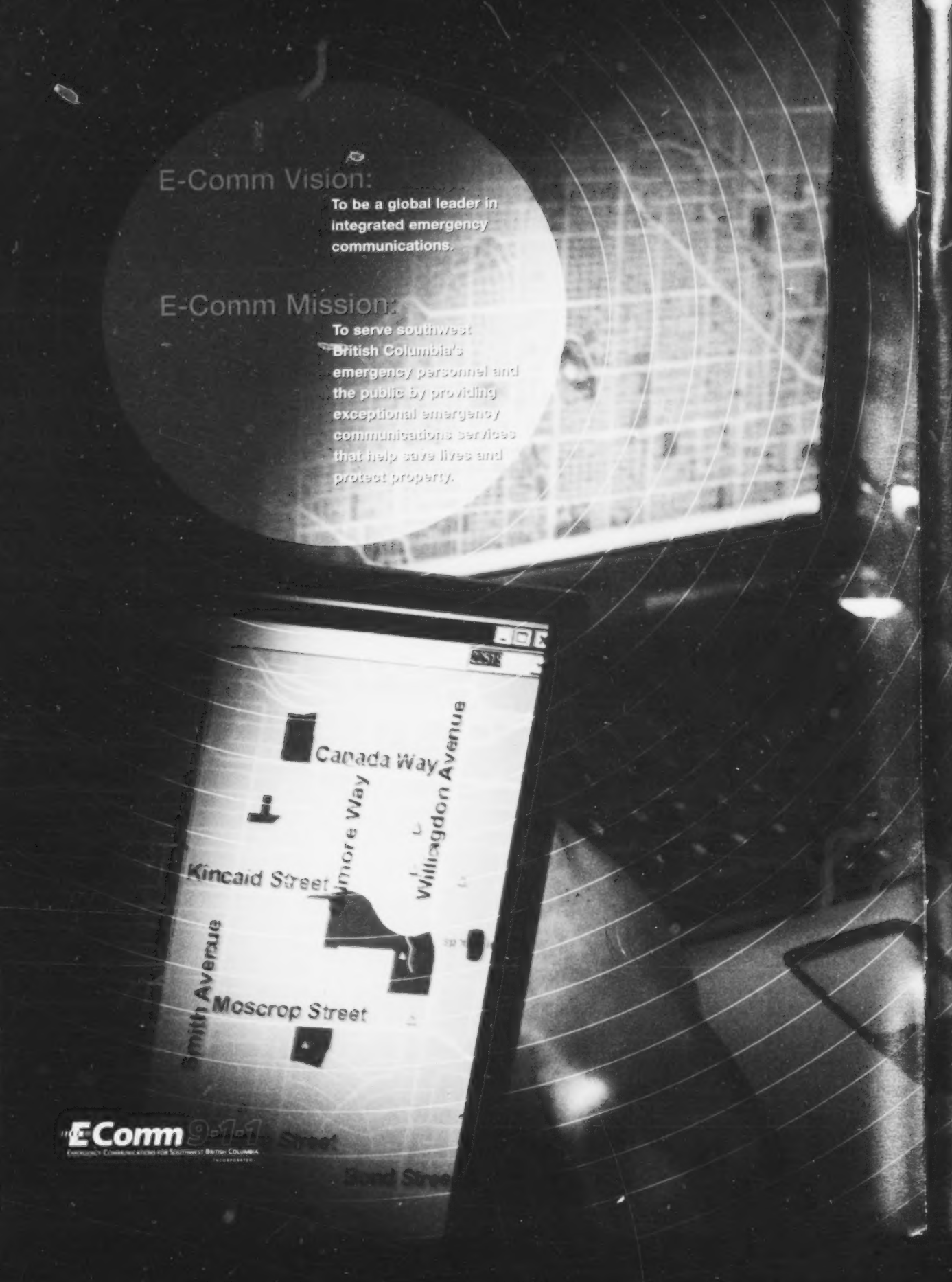


E-Comm 2005 Annual Report

E-Comm 9-1-1
Emergency Communications for Southwest British Columbia Incorporated


E-Comm Vision:
To be a global leader in integrated emergency communications.
E-Comm Mission:
To serve southwest British Columbia's emergency personnel and the public by providing exceptional emergency communications services that help save lives and protect property.
Canada Way
Willingdon Avenue
Kincaid Street
Moscrop Street
E-Comm 9-1-1

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Corporate Overview

E-Comm is the emergency communications centre for southwest British Columbia. E-Comm's three core services include developing and operating the Wide-Area Radio System, providing emergency dispatch service for a number of police and fire agencies and operating the regional 9-1-1 service.

E-Comm is governed under the *Emergency Communications Corporations Act* (1997) and incorporated under the *BC Business Corporations Act*. E-Comm's annual operating budget is $45 million. As a cost-recovery model, E-Comm is not structured to make a profit; rather any net surplus can be credited back to shareholders at the end of the fiscal operating year and any shortfalls can be recovered through a special levy assessment in the following year.

E-Comm has 21 Class 'A' shareholders and 27 Class 'B' shareholders. Class 'A' shareholders utilize the Wide-Area Radio System and are bound by the terms and conditions of the *Members' Agreement* (*Special Users Agreement* for the RCMP). Class 'B' shares secure the shareholder future radio system access. Class 'A' shareholders own E-Comm.

Member agencies are charged for their share of the radio system based on a weighted allocation model that considers such factors as the coverage area of their region (geography), population, the number of radios required, and the amount of radio traffic generated.

Agencies that utilize dispatch services are charged based on direct staffing requirements and an allocation for corporate administration (includes premises expenses, operating costs, maintenance costs and support staffing such as management, information technology, finance and human resources).

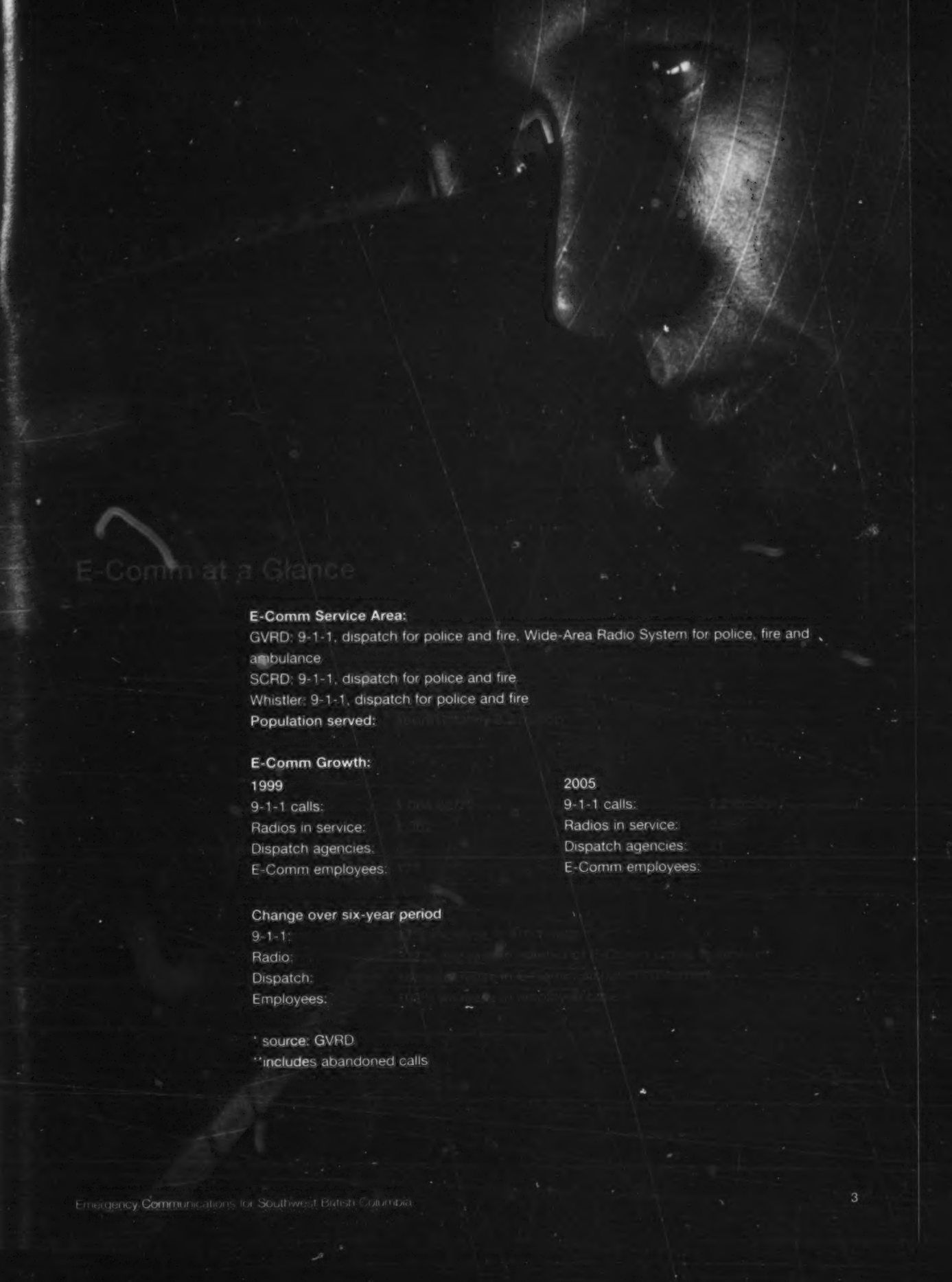
Shareholders

Ambulance	Fire	Police	Public Works	Fire	Police	
	●	●	●			Delta
		●	●	●		Coquitlam
●						Emergency Health Services
		●				GVTAPS
		●	●	●		Maple Ridge
	●	●	●			New Westminster
		●	●	●		North Vancouver City
				●	●	North Vancouver District
		●	●	●		Pitt Meadows
		●	●	●		Port Coquitlam
	●	●	●			Port Moody
	●	●	●			Richmond
	●	●	●			Surrey
			●	●	●	Township of Langley
	●	●	●			Vancouver
			●	●	●	Village of Belcarra
	●	●				White Rock
			●	●	●	West Vancouver
	Class A		Class B			

9-1-1 service is contracted to E-Comm by the Greater Vancouver Regional District (GVRD), which collects for this service from each participating municipality through property taxes and remits payment to E-Comm. The service area includes the GVRD, Sunshine Coast Regional District (SCRD) and Whistler.

E-Comm also has two wholly-owned subsidiaries, TCM Telecare Management Inc., which operates the provincial government's BC NurseLine, and PRIMECorp (Police Records Information Management Environment Corporation), the organization responsible for implementing the PRIME-BC system province-wide.

A 17 member Board of Directors provides governance to E-Comm and is responsible for overseeing th e Corporation's strategic direction, its finances and operating results. Management is accountable to the Board of Directors for the day-to-day administration of the Corporation. The members of the Board of Directors, nominated by E-Comm shareholders, provide extensive knowledge and experience to the Corporation through their work on the Board and as members of the Board's standing committees (Audit committee, Human Resources & Compensation committee and Governance committee). In addition, E-Comm ensures that it meets its customer needs through a User committee and Service committees comprised of representatives from police, fire and ambulance.



E-Comm at a Glance

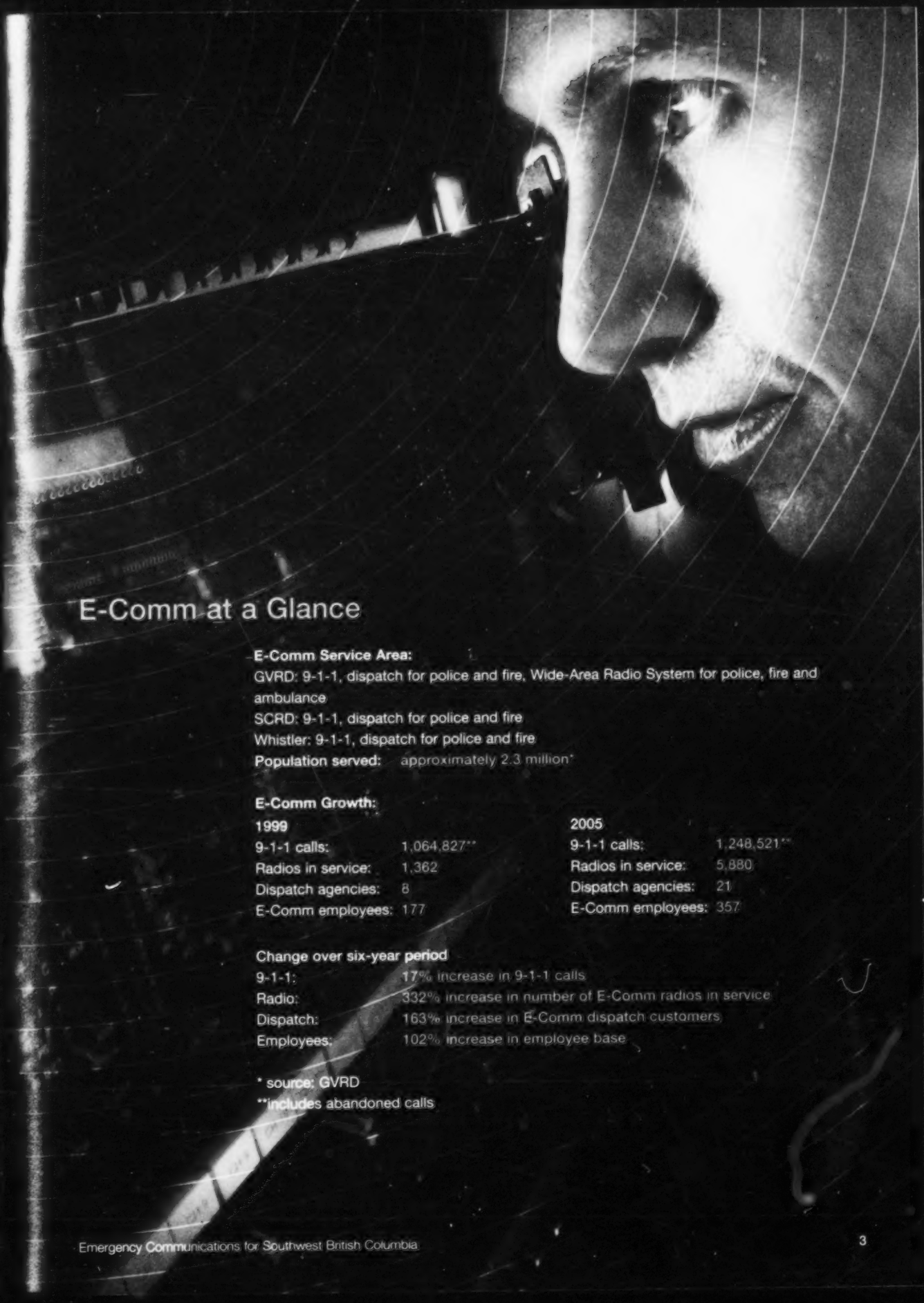
E-Comm Service Area:
GVRD: 9-1-1, dispatch for police and fire, Wide-Area Radio System for police, fire and ambulance
SCRD: 9-1-1, dispatch for police and fire
Whistler: 9-1-1, dispatch for police and fire
Population served:

E-Comm Growth:

1999	2005
9-1-1 calls:	9-1-1 calls:
Radios in service:	Radios in service:
Dispatch agencies:	Dispatch agencies:
E-Comm employees:	E-Comm employees:

Change over six-year period
9-1-1:
Radio:
Dispatch:
Employees:

* source: GVRD
**includes abandoned calls



E-Comm at a Glance

E-Comm Service Area:
GVRD: 9-1-1, dispatch for police and fire, Wide-Area Radio System for police, fire and ambulance
SCRD: 9-1-1, dispatch for police and fire
Whistler: 9-1-1, dispatch for police and fire
Population served: approximately 2.3 million*

E-Comm Growth:

1999		2005	
9-1-1 calls:	1,064,827**	9-1-1 calls:	1,248,521**
Radios in service:	1,362	Radios in service:	5,880
Dispatch agencies:	8	Dispatch agencies:	21
E-Comm employees:	177	E-Comm employees:	357

Change over six-year period

9-1-1:	17% increase in 9-1-1 calls
Radio:	332% increase in number of E-Comm radios in service
Dispatch:	163% increase in E-Comm dispatch customers
Employees:	102% increase in employee base

* source: GVRD
**includes abandoned calls

2005 Board of Directors

David Korbin	Independent Director, Chair
Kevin Begg	Assistant Deputy Minister, Policing and Community Safety Branch, Ministry of Public Safety and Solicitor General (representing Ministry of Public Safety and Solicitor General)
Gary Briggs	Inspector, RCMP, ret (representing RCMP)
Daphne Corbett	Independent Director
Len Garis	Fire Chief, Surrey (representing Surrey, White Rock, Township of Langley)
Jon Harris	Councillor, Maple Ridge (representing Maple Ridge, Pitt Meadows)
David Hodgins	Fire Commissioner, Province of British Columbia (representing Ministry of Community Services)
Lois Jackson	Mayor of Delta (representing Delta)
Penny Kirkpatrick	Councillor, Township of Langley (representing Surrey, White Rock, Township of Langley)
Kiichi Kumagai	Councillor, Richmond (representing Richmond)
Patti Marfleet	(representing Vancouver)
Michael Sanderson	Regional Director, BC Ambulance Service (representing BCAS)
John Schouten	Inspector, VPD, ret (representing Vancouver Police Board)
David Sutcliffe	Independent Director
Joe Trasolini	Mayor of Port Moody (representing Independent Police Boards in Port Moody, West Vancouver, New Westminster)
Ron Wood	Mayor of West Vancouver (representing West Vancouver, City of North Vancouver, District of North Vancouver)
Scott Young	Mayor of Port Coquitlam, (representing Coquitlam, Port Moody, Port Coquitlam, New Westminster, Belcarra)

Senior Management Team

Ken Shymanski	President & CEO
Tracey Lee Lorenson	Executive Vice-President
Beatrix Nicolato	Vice-President & Chief Financial Officer
Deborah Cherry	Director of Operations
Peter Gauthier	Director of Wireless Services
Glen Miller	Director of Information Technology
Erin Ramsay	Director of Human Resources
Jody Robertson	Director of Corporate Communications

Message from Chair David Korbin

Providing for the safety of emergency responders and the public in a strategic and fiscally responsible fashion is E-Comm's primary concern. And it is with pride that I reflect on our achievements in 2005.

One year after the implementation of the Corporation's Strategic Financial Plan, E-Comm's 2005 financial results indicate we remain on track for continuous deficit reduction. This is positive news given the significant costs associated with implementing such a comprehensive public safety project. I am also pleased to report that our financial results for 2005 are better than anticipated primarily due to greater than expected revenues from other income.

E-Comm's Corporate Strategic Plan remains tightly focused on four primary goals: Increasing shareholder benefits, providing exceptional service and value, delivering maximum performance, and developing a high-performance workforce. The Board has overseen the development of the Strategic Plan and is monitoring its results. I am confident the strategic path set out will allow E-Comm to continue to flourish.

As chair, I have the pleasure of welcoming the Greater Vancouver Transportation Authority Police Service (GVTAPS) to the E-Comm Wide-Area Radio System. GVTAPS became a Class 'A' shareholder in 2005 and joined the radio system in December. GVTAPS is a welcome addition to the radio system as integration with transit is a key component of effective policing. The more emergency agencies on the radio system, the better the region is served.

As I welcome GVTAPS, British Columbia's newest police force to the radio system, I also have the honour of welcoming our province's oldest fire department to E-Comm dispatch. In July, New Westminster Fire/Rescue Services joined our growing list of fire customers and we are proud to partner with a department with such a rich history and exemplary service record.

My term as chair comes to an end in May 2006. I would like to acknowledge and thank the entire E-Comm Board, whose dedication and leadership has greatly advanced the organization. My fellow director, David Sutcliffe, has been nominated to assume the chair's role. David's extensive experience in the communications industry will be of great value as this young and vibrant company continues to mature.

My five years with E-Comm have been extremely rewarding and given what's transpired in the world over the past few years, my admiration for those who work in emergency services has grown immensely. We have seen how other areas of the world have struggled with their communications in times of crisis and we should be proud of what this region has accomplished so far. Although there are many challenges ahead, we are ready to meet them. I am proud to have been associated with this critical industry and wish everyone continued success.

Message from President & CEO Ken Shymanski

E-Comm's purpose is to help save lives and protect property. That means working around-the-clock to provide emergency responders with the tools and services they need to keep communities safer.

In recent years, E-Comm has turned its attentions to focus solely on our core business offerings: 9-1-1, emergency dispatch and the Wide-Area Radio System. It has been our goal to deliver on our commitments to our customers for high-quality service and to our shareholders for investment satisfaction. As a result, we have emerged from 2005 as a stronger company that is well-positioned for continued success.

Calls to 9-1-1 exceeded 1.2 million in 2005 and we again met our obligation to answer 95% of those calls in five seconds or less. We increased our customer base for both dispatch and radio and we undertook the development and implementation of new technology systems on behalf of police and fire agencies. We conducted high-level reviews of our operational areas and improved efficiencies. We developed a new Customer Interaction Database, conducted 15 municipal council visits and worked to create action plans based on the results of our customer satisfaction survey.

I am particularly proud that E-Comm reached its first negotiated Collective Agreement with CUPE, Local 873 in 2005. The bargaining committees entered into a quasi-interest based bargaining process at the beginning of the year and as a result, reached a balanced Agreement. The leadership and commitment demonstrated by both parties should be commended.

Internally, our goal was to provide every E-Comm employee with a performance review in 2005. 97% of our non-operational staff took part in the process and 75% of our communications centre staff were completed. We will continue this process in 2006. In addition we began development of an integrated absence management program. We believe that both of these initiatives will have significant positive impact on our workplace.

I would be remiss if I did not acknowledge the tremendous efforts of our management and staff in realizing our 2005 achievements. It is evident that their commitment to public safety is unwavering.

As an organization with roots deeply planted in many different communities in southwest British Columbia, we know the importance of cultivating strong relationships with all E-Comm partners. In 2006, we intend to continue to deliver on those responsibilities.

Ken Shymanski

2005 Highlights

January

- E-Comm transitions Nelson Police department to provincial PoliceCAD and PRIME-BC (provincial records management system)
- E-Comm transitions West Vancouver Police department to PRIME-BC

February

- E-Comm transitions Delta Police department to provincial PoliceCAD and PRIME-BC

March

- E-Comm transitions Abbotsford Police department to provincial PoliceCAD and PRIME-BC

April

- E-Comm transitions New Westminster Police department to provincial PoliceCAD and PRIME-BC
- E-Comm police dispatcher Arlene Holubowich wins 9-1-1 award
- E-Comm sponsors first VoIP conference in conjunction with APCO* Canada and NENA**

May

- Annual General Meeting
- E-Comm transitions Vancouver Police department to provincial PoliceCAD

June

- E-Comm celebrates sixth anniversary
- E-Comm transitions Port Moody Police department to provincial PoliceCAD and PRIME-BC (MMJ*** server)

July

- New Westminster Fire/Rescue Services moves its dispatch to E-Comm

August

- First BC AMBER Alert issued
- E-Comm calls out Urban Search and Rescue for Hurricane Katrina support

September

- E-Comm fire dispatch helps Delta Fire department battle Burns Bog fire
- E-Comm fire dispatch helps Richmond Fire-Rescue battle major hotel fire

October

- E-Comm dispatchers receive APCO Canada nominations
- E-Comm hosts the RCMP Operational Communications Centre conference

November

- E-Comm transitions GVTAPS to provincial PoliceCAD and PRIME-BC
- E-Comm participates in provincial Tsunami Warning Alert test

December

- E-Comm and CUPE, Local 873 ratify Memorandum of Agreement
- GVTAPS joins E-Comm radio system

* *Association of Public-Safety Communications Officials*
** *National Emergency Number Association*
*** *Municipal Multi-jurisdictional*

Operational Overview

Since E-Comm's 1999 "GO LIVE," we've been working to provide southwest British Columbia with an emergency communications system that's as dynamic as the region itself. Building on this commitment, E-Comm is dedicated to planning for meeting the diverse needs of emergency response agencies today and into the future.

Looking back, 2005 was a robust year for E-Comm and for public safety. Through the introduction of innovative initiatives to enhance E-Comm's service, the effective use of public safety technologies, and a focused approach to meeting financial targets, 2005 was a year of advancement for the Corporation.

9-1-1

Highlights for 2005

- 1,248,521* calls to 9-1-1
- Annual service level of 97% (97% of all 9-1-1 calls were answered in five seconds or less)
- E-Comm's 9-1-1 technology operated without any major technical issues

** Includes abandoned calls*

Goals for 2006

- Complete service contract with GVRD
- Achieve annual service level of 95%
- Advocate at federal level for 9-1-1 services

Emergency response is only as strong as the 9-1-1 system that supports it. And in southwest British Columbia, the public can be assured that when they dial 9-1-1 they will be linked to the right public safety agency quickly and efficiently.

In 2005, calls to 9-1-1 within the Greater Vancouver Regional District (GVRD), the Sunshine Coast Regional District and Whistler, E-Comm's service areas, held steady at close to 1.25 million. Thousands of people call this lifeline every day—some with serious emergencies, many with non-emergency issues. Because there is no way to know the nature of the emergency when those calls first come in, our staff answer each and every call quickly and professionally so those in need, get help as soon as possible.

57% of 9-1-1 calls were placed from landlines and 43% were made with cellular phones in 2005.

E-Comm's contractual agreement with the GVRD, the legal authority for 9-1-1, requires the Corporation answer 95 per cent of all 9-1-1 calls within five seconds of the call being connected to E-Comm by the telephone companies. In 2005, this rigorous annual service level requirement was again met as 97 per cent of the more than one million calls that were connected to E-Comm were answered within five seconds by one of our emergency call-takers. In addition, E-Comm's 9-1-1 technology operated without downtime or any other major technical issue.

In 2005 there were several TELUS outages which impacted phone service in selected areas of the region. E-Comm took a leadership role with regard to public safety by issuing information via the media on alternate ways to reach emergency services should a resident find themselves without phone service. In addition, TELUS outages in late December resulted in the activation of E-Comm's backup systems which functioned as they should.

There are many critical issues that concern 9-1-1. For example, a lack of location information from cellular telephones continues to plague 9-1-1 centres in Canada. Cell phones are commonplace and in southwest B.C., account for 43 per cent of all 9-1-1 calls. However, emergency response is hindered by a lack of location information. With a cellular phone, the 9-1-1 call-taker receives only a call-back number, meaning if a call is disconnected or the caller becomes incapacitated, the 9-1-1 call-taker has limited means of locating the caller—none of which can be considered quick enough to help in emergency response.

An average of 3,400 calls are placed to 9-1-1 each day. 74% of 9-1-1 calls are for police, 22% for ambulance and 4% for fire.

Emerging technologies such as VoIP (Voice over Internet Protocol) also have profound implications for 9-1-1. This technology allows people to replace their traditional telephone with a high-speed Internet connection. In other words, they use their computers to have telephone conversations. In most cases VoIP systems do not directly connect to 9-1-1 centres nor do they provide critical caller information such as telephone number and address. Some VoIP systems send callers to an out-of-province third-party call centre where valuable response time is eaten up as the call is then re-routed back to a local police department, often to an administrative line. This is a major safety issue.

E-Comm is preparing to take a leadership role in advocating for 9-1-1 at the federal level with regard to these significant technology issues. E-Comm is now represented on the CRTC's* Interconnection Steering Committee and we will also be leading a national advocacy forum to identify issues, messages and strategies.

** Canadian Radio-television and Telecommunications Commission*

Facts and Figures

Enhanced 9-1-1 (E9-1-1):
E9-1-1 means that the 9-1-1 call-taker's computer receives the phone number, name and address associated with the telephone (landline) from which the 9-1-1 call was placed. This is not the case with cell phones. The GVRD, SCRD and Whistler all have E9-1-1 service.

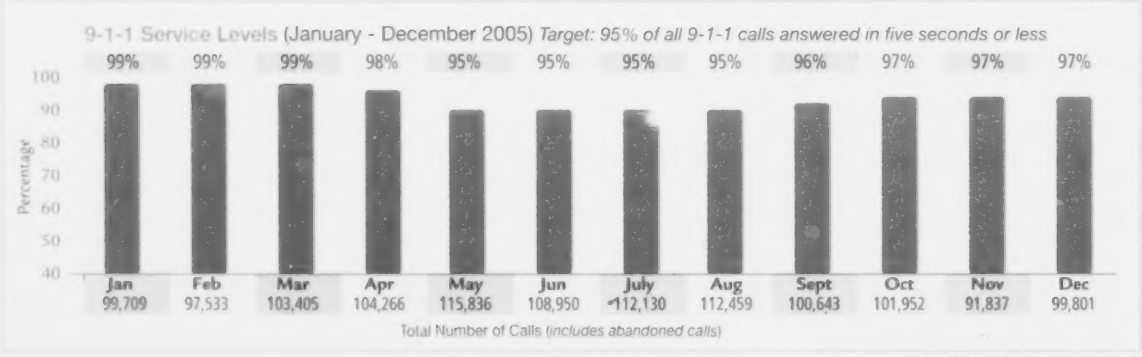
Voice over Internet Protocol (VoIP):
VoIP is a technology that allows users to have voice conversations over the Internet (also known as Internet phones). At present, only select VoIP systems provide caller name, phone number and location information to 9-1-1 call-takers. In addition, most VoIP systems route emergency calls to an out-of-province call centre as the system is not capable of routing calls directly to the local 9-1-1 centre without third-party intervention. Both of these are significant safety issues.

Wireless Phase I:
Wireless Phase I refers to the 9-1-1 call-taker being able to see the number associated with the wireless/cell phone from which the 9-1-1 call was placed along with the location of the cell tower handling that call. The GVRD, SCRD and Whistler all have Wireless Phase I. While this technology makes it possible for 9-1-1 call-takers to return the call if the wireless/cell signal is lost or interrupted, it provides almost no useful information about the location of the caller. A single cell tower, for example, could cover up to 260 square kilometres of area. That is too large an area for responders to track down someone in an emergency.

Wireless Phase II:
Wireless Phase II requires wireless/cell phone service providers to supply call-back numbers and more precise location information to 9-1-1 call centres. Although exact locations cannot be pinpointed through wireless technology, Phase II provides a more focused and manageable search area (to within 50 - 100 metres in many cases) in the event a caller cannot communicate/identify their exact location. Wireless Phase II has not been mandated by the CRTC in Canada but it has been mandated by the FCC in the United States. The GVRD, SCRD and Whistler do NOT have access to Wireless Phase II because it is not supported by the telephone companies.

E-Comm Visitors in 2005

- **Dutch police**
- **Shanghai police**
- **Danish police**
- **Irish police**
- **Saudi Arabian police**
- **German police**
- **Belgium police**
- **Tianjin police**
- **Australian police and fire delegations**
- **New Zealand police**
- **Japanese Medical Association**
- **Shanghai Administrative Institute**
- **US and Japanese consulates**



Emergency Dispatch

Highlights 2005

- Introduction of integrated call-taker position for RCMP 43 and Ridge Meadows RCMP
- Conducted review of dispatch operations, identified areas of opportunity
- Introduction of web-based tool for communicating policy information

Goals for 2006

- Full introduction of integrated police call-taker position
- Employee development including dispatch education
- Enhance staffing models

E-Comm's emergency dispatch centre grew in 2005 with the addition of a new fire department and improved operational efficiencies. Considerable effort was spent in 2005 researching, evaluating, standardizing and communicating best practices for dispatch. As a result, many processes were streamlined.

Call-taking standards were revitalized, setting the stage for the much anticipated integrated police call-taker position. This new position allows different police agencies dispatched by E-Comm to share staffing resources. This should result in financial savings within E-Comm dispatch. Equally important, police agencies will receive improved service and access to back-up and additional resources in times of need.

In 2005, E-Comm's Operations team developed an innovative new system of communicating specific agency information and E-Comm policies directly to on-duty call-takers and dispatchers. "OPS Access" (an internal Web site system) allows staff to access updated policies and procedures right from their workstations. The system also features a provincial matrix that provides emergency numbers for 45,000 communities within British Columbia.

The early months of 2005 focused on preparations for two significant transitions. In May, the Vancouver Police department moved to PoliceCAD. This is the same PoliceCAD system that E-Comm's technology specialists implemented in seven other police departments province-wide.

In July, the province's oldest fire department, New Westminster Fire/Rescue Services, transitioned its dispatch to E-Comm. The move took months of planning and training to ensure all policies and procedures were in place for fire response. The addition of New Westminster Fire/Rescue Services brought E-Comm's fire dispatch customer base to a total of 11 departments (joining Vancouver, Richmond, Port Moody, Delta, Sunshine Coast (5) and Whistler/Garibaldi).

"The success of our transition is testament to the hard work and dedication of the employees of our two organizations."
Chief Carl Nepstad, New Westminster Fire/Rescue Services

In August, the province's first AMBER Alert was issued by the Abbotsford Police. E-Comm played a significant operational role in the Alert by activating a special queue to manage numerous incoming 9-1-1 calls with tips from the public and acting as a liaison between police departments. Happily, the missing child was recovered. In an effort to further streamline notification procedures in the future, E-Comm made several recommendations with regard to additional fan-out methods which now include a province-wide paging system managed by the RCMP, e-mail distribution and formalized debriefings.

The images of Hurricane Katrina left a lasting impact on those of us connected to emergency services. The need for integrated communications and personal emergency plans was certainly evident during this tragic event. E-Comm employees were proud to have played a small role in response efforts by managing the call-out of the City of Vancouver's Urban Search and Rescue (USAR) team which was dispatched to the New Orleans area. Our staff coordinated the call-out of these dedicated USAR members, who on a few hours notice were en route to Louisiana to help with the rescue efforts.

During September, E-Comm's fire dispatch was put to the test, helping to battle major blazes in both Delta and Richmond. Both events were expertly managed by the Delta and Richmond fire departments with the support of E-Comm staff.

On September 11, at approximately 1600hrs, E-Comm fire staff were inundated with 9-1-1 calls (more than 100 in an hour) for the devastating fire at Burns Bog. With each daily shift, an average of 20-25 Delta firefighters were deployed to fight the fire along with additional personnel from the GVRD and BC Forest Service.

Just days later, on September 22, a fire at a Richmond hotel forced the evacuation of 398 occupants and caused two fatalities. A total of eight fire trucks and 32 firefighters were utilized for the response, with two extra crews later called in to assist. E-Comm fire staff successfully arranged for Richmond Fire-Rescue to receive mutual-aid from Vancouver, New Westminster and Delta, all of whom are on the E-Comm Wide-Area Radio System.

While this event was a tragic incident, the ability of the departments to speak with each other on a common channel proved to be highly effective and a true endorsement of how a shared radio system enhances emergency response.

"During this event it was a comfort to know that our dispatchers at E-Comm were able to quickly initiate a mutual-aid request."
Deputy Chief Ron Beaman, Richmond Fire-Rescue Services

In 2005, E-Comm Operations recommended reducing the number of event types and creating a new priority system for fire dispatch. This speeds up the call taking/dispatch process and assists with achieving the National Fire Protection Association (NFPA) standards.

The Bait Car program, for which E-Comm is a partner, continued to successfully combat auto crime. There were hundreds of activations of the Bait Car in 2005. E-Comm monitors Bait Car locations and on police command, de-activates a Bait Car when it is stolen.

In October, the Association of Public-Safety Communications Officials (APCO Canada) recognized the efforts of two E-Comm police dispatchers at its national conference in Vancouver. Dispatchers Michelle Rain and Jennifer Philip were both nominated for APCO Canada's *Communicator of the Year Award* for their work during a sinking vessel incident on Pitt Lake in March.

Information Technology

2005 Highlights

- Completed province-wide transition schedule for PoliceCAD
- Began support for Vancouver and Richmond's implementation of a regional Fire Records Management System (RMS)
- Completed a major upgrade of the Telecare Nurse Triage system on behalf of the Ministry of Health

In September, the records management system was upgraded to version 6.3 which provided many needed improvements to PRIME-BC. A variety of multi-jurisdictional features were added, as well as some high-priority fixes. Areas of enhancement include: multi-jurisdictional updates, entity handling, records submission and transcription, workflow, major case management, query/browse facilities, Canadian Police Information Centre (CPIC) facilitation and Telephone Reporting Centre (TRC) security.

2006 Goals

- Assist with the RCMP rollout in the Lower Mainland for PoliceCAD and RMS
- Complete network upgrade
- Complete implementation of Fire RMS for Vancouver and Richmond

Statistics

AltarisCAD uptime	99.95%
PoliceCAD (Versaterm) uptime	99.95%
PRIME-BC (Vancouver, Richmond, Port Moody) uptime	99.93%
IT Infrastructure uptime	99.99%

These statistics reflect the percentage of time these critical systems functioned without disruption.

E-Comm provides Police dispatch for:

Bowen Island RCMP
RCMP Freeway Patrol
Richmond RCMP
Ridge Meadows RCMP
Sunshine Coast RCMP
UBC RCMP
Vancouver Police
Whistler & Pemberton RCMP
Stl'átl'imx Tribal Police Department

E-Comm provides Fire dispatch for:

Delta
New Westminster
Port Moody
Richmond
Sunshine Coast (5 departments)
Vancouver
Whistler/Garibaldi

Wireless Technology

Highlights for 2005

- Transitioned GVTAPS to radio system
- Achieved Industry Canada threshold for Grade of Service
- Processed more than 100-million network transmissions

Goals for 2006

- Create opportunities for adding additional agencies to radio system
- Establish new service level metric for wireless technologies
- Conduct regular customer visits to ensure ongoing service quality

"Like every police agency, the safety of the public and our police officers is our top priority. The E-Comm Radio System provides advanced communication capabilities for seamless policing."
Chief Officer Robert Kind, GVTAPS

The E-Comm radio system, the largest part of E-Comm's business, is a shared communications network used throughout the GVRD by police, fire and ambulance personnel. The radio system allows local emergency responders to communicate directly with each other and with their counterparts in other communities that also use the E-Comm system.

The Greater Vancouver Transportation Authority Police Service (GVTAPS) was connected to the E-Comm radio system in 2005, allowing GVTAPS officers to communicate directly with other police departments and emergency agencies throughout the the Lower Mainland. GVTAPS is the 12th police department to join the radio system. GVTAPS is utlizing 60 portable radios for its 80 member force.

More than 5,800 wide-area radios were active in southwest British Columbia in 2005. The radio network processes approximately 7.8 million radio transmissions each month.

"The E-Comm radio system worked very well for the Burns Bog fire, especially at the start of the fire when from a response perspective it's vital to have seamless radio transmissions and clarity."
Deputy Chief Rick Lehbauer, Delta Fire & Emergency Services

Wide-Area Radio System Availability 2005

Traffic Grade of Service*
Target: <3.00% Actual: 0.02%

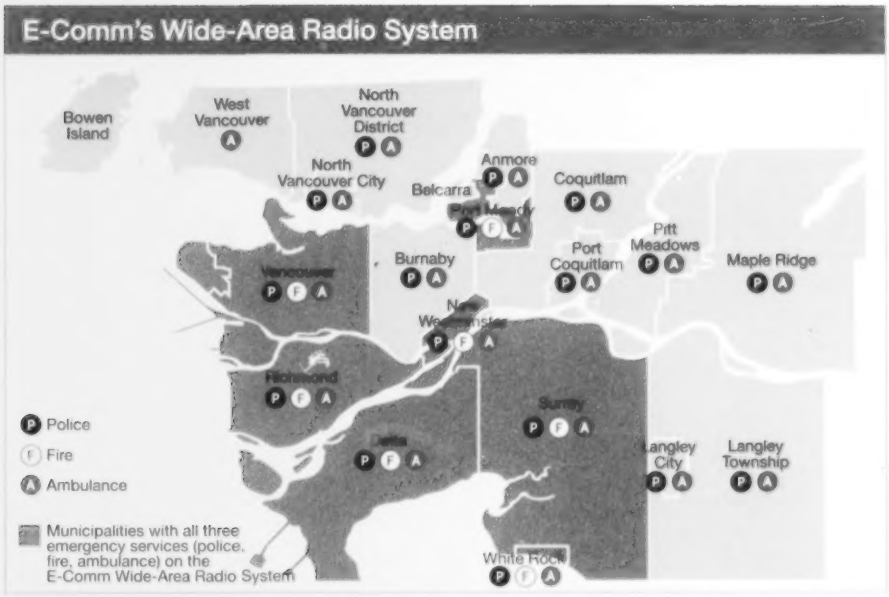
System Availability
Target: 99.96% Actual: 99.99%

** Grade of Service represents the ability of the radio system to handle radio traffic volume. Industry Canada sets the standard for the public safety community, which is 3%. This means at the radio system's busiest times, there cannot be more than 3% queuing (responders waiting to speak).*

Number of radios in use in 2005: 5,880

Radio Traffic for 2005:
103,903,005 transmissions: that's the equivalent of someone talking non-stop for 12-years, 175-days, 17-hours, 33-minutes, and 48 seconds.

E-Comm's Wide-Area Radio System



Strategic Plan

E-Comm's Strategic Plan is a written description of the Corporation's future path. It includes our goals & objectives, strategies and tactics. E-Comm's strategic plan is on track and goals for 2006 and beyond are summarized here:

- **Increase Shareholder Benefits:** To be net income driven, cost-effective and financially responsible in all aspects of our business.
- **Exceptional Service and Value:** To focus on the customer by providing cost effective, quality service.
- **Deliver Maximum Performance:** To be recognized by our shareholders, emergency services, and the public as a centre of excellence by delivering maximum operations performance levels while ensuring cost effectiveness and efficiency.
- **Develop High-Performance Workforce:** To develop a high-performance workforce comprised of accountable, qualified and involved employees.

E-Comm's Wide-Area Radio System

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Finance and Administration

The financial statements in this annual report represent the reporting period January 1, 2005-December 31, 2005.

E-Comm is structured to borrow 100% of the funds required to build the regional emergency communications system. The funding concept was, and remains today, that instead of shareholders investing capital at the outset, E-Comm will carry the debt obligation on behalf of participating municipalities. Accordingly, as E-Comm pays down its original borrowings the organization will incur new debt for the replacement of assets (life cycle/evergreening of systems and infrastructure). Radio levies are affected by both operating and financing capital costs; as well as user decisions regarding equipment. Dispatch levies are a reflection of staffing costs and desired services and service levels.

Management's Responsibility for Financial Statements
The consolidated financial statements have been prepared by management, which is responsible for its integrity, objectivity, completeness and accuracy. The statements were prepared in conformity with Canadian generally accepted accounting principles. We believe that these statements present fairly the Corporation's financial position.

Internal Controls
We maintain and rely on a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change.

Independent Auditors
Our independent auditors, KPMG LLP, have audited the financial statements. Their audit was conducted in accordance with Canadian generally accepted auditing standards. Their report appears on page 17.

KPMG Audit Services	$52,630
KPMG Non-Audit Services	$83,175
	$135,805

The Audit Committee
The Audit committee, comprised of members of the Board of Directors of Emergency Communications for Southwest British Columbia Incorporated, oversees management's financial reporting responsibilities. The committee meets with management and our external auditors to discuss auditing, financial reporting and internal control matters and presents its findings to the Board for consideration in approving the consolidated statements for issuance to shareholders.

Ken Shymanski
President & CEO

Beatrix Nicolato, CGA
Vice-President & Chief Financial Officer

Financial Statements of Emergency Communications for Southwest British Columbia Incorporated
Year ended December 31, 2005

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheet of E-Comm Emergency Communications for Southwest British Columbia Incorporated as at December 31, 2005 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Vancouver, Canada
March 10, 2006

Balance Sheet

December 31, 2005, with comparative figures for 2004

	2005	2004 (restated - note 16)
Assets		
Current assets:		
Cash and cash equivalents	$ 12,493,039	$ 8,996,701
Accounts receivable - net of allowance for doubtful accounts of $1,795,614 (2004 - $1,395,753)	2,971,032	677,026
Accrued interest receivable	30,796	17,510
Prepaid expenses	803,227	765,899
	16,298,094	10,457,136
Investment in TCM Telecare Management Inc. (note 4)	1	1
Investment in PRIME Corp (note 4)	1	1
Debt reserve fund (note 5)	2,040,636	1,954,665
Deferred financing costs	1,435,161	1,534,262
Deferred development costs	10,615,049	11,804,167
Long-term portion of prepaid land lease	2,297,979	2,323,232
Long-term portion of prepaid expenses	129,295	336,701
Property, plant and equipment (note 6)	92,821,329	100,740,087
	$ 125,637,545	$ 129,150,252
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,161,462	$ 4,103,447
Accrued interest payable	1,723,666	1,820,746
Current portion of long-term debt (note 7)	11,835,824	12,796,023
	19,720,952	18,720,216
Deferred revenue and other liabilities (note 8)	4,960,610	2,385,979
Asset retirement obligation (note 9)	1,060,982	1,022,072
Long-term debt (note 7)	117,774,854	125,056,499
Shareholders' deficiency:		
Share capital (note 10)	480	470
Deficit	(17,880,333)	(18,034,984)
	(17,879,853)	(18,034,514)
	$ 125,637,545	$ 129,150,252

Future operations (note 2)
Commitments (note 13)
Contingencies (note 14)
Subsequent event (note 15)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

Statement of Operations and Deficit

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004 (restated - note 16)
Revenue:		
Radio levies	$ 22,153,232	$ 21,384,570
CAD levies	1,271,553	1,043,904
Consolidated dispatch levies	15,048,383	13,362,822
9-1-1 call taking levies	3,190,719	3,041,220
Records management system	875,164	805,800
Tenant recoveries and rental	424,223	382,312
Contract service fees and miscellaneous revenue	3,251,837	1,685,460
	46,215,111	41,706,088
Direct operating expenses:		
Salaries and benefits	19,912,272	19,037,020
Maintenance and technology	2,532,322	2,734,747
Premises	1,237,942	1,105,203
Office supplies and communication	479,145	465,378
Employee related	452,044	449,230
Professional fees	453,717	283,008
Other	624,898	1,021,035
	25,692,340	25,095,621
Other expenses:		
Impairment loss on CAD system (note 6)	1,162,050	3,267,770
Accretion of asset retirement obligation, net of recovery	38,910	49,405
Amortization	12,590,467	12,639,699
Interest expense	6,576,693	7,021,029
Total expenses	46,060,460	48,073,524
Net earnings (loss) for the year	154,651	(6,367,436)
Deficit, beginning of the year	(18,034,984)	(11,667,548)
Deficit, end of the year	$ (17,880,333)	$ (18,034,984)

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004 (restated - note 16)
Cash provided by (used in):		
Operations:		
Net earnings (loss) for the year	$ 154,651	$ (6,367,436)
Items not involving cash:		
Amortization of property, plant and equipment	11,376,096	11,425,328
Amortization of deferred development costs	1,189,118	1,189,118
Amortization of prepaid land lease	25,253	25,253
Accretion of asset retirement obligation, net of recovery	38,910	49,405
Impairment loss on CAD	1,162,050	3,267,770
Amortization of deferred financing costs	99,101	99,100
Interest earned on debt reserve fund	(85,971)	(91,911)
Changes in non-cash operating working capital:		
Accounts receivable and accrued interest receivable	(2,307,292)	2,316,847
Prepaid expenses	170,078	(299,401)
Accounts payable and accrued liabilities	1,960,935	(570,153)
Deferred revenue and other liabilities	2,574,631	(126,434)
	16,357,560	10,917,486
Investments:		
Commodity tax rebate on prior years' property, plant and equipment	-	2,913,587
Acquisition and construction of property, plant and equipment	(4,619,388)	(2,386,577)
	(4,619,388)	527,010
Financing:		
Proceeds from Issuance of share capital	10	-
Repayment of long-term debt	(8,241,844)	(8,163,752)
	(8,241,834)	(8,163,752)
Increase in cash	3,496,338	3,280,744
Cash, beginning of year	8,996,701	5,715,957
Cash, end of year	$ 12,493,039	$ 8,996,701
Supplementary cash flow information:		
Interest paid	$ 7,465,479	$ 5,880,653

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended December 31, 2005, with comparative figures for 2004

1. Operations:

E-Comm Emergency Communications for Southwest British Columbia Incorporated (the "Corporation" or "E-Comm") was incorporated September 22, 1997 under the British Columbia Business Corporations Act. Prior to April 1, 2002, the Corporation was in the development stage. Effective April 1, 2002, the Corporation commenced principal operations. Effective July 1, 2003, the Corporation commenced operations of the PRC Computer Aided Dispatch System ("CAD").

The Corporation provides centralized emergency communications, disaster coordination and related public safety and public service to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout southwest British Columbia. Primary services are provided to shareholder members of the Corporation pursuant to the Members' Agreement, and to the Royal Canadian Mounted Police ("RCMP") pursuant to a Special User Agreement with the Corporation.

The Corporation is exempt from tax under the Income Tax Act.

2. Future operations:

These financial statements are prepared on a going concern basis, which assumes the Corporation will be able to realize assets and discharge liabilities in the normal course of operations. The long-term financial and operating viability of the Corporation is dependent on its ability to generate revenue adequate to fund continuing operations. The Corporation's strategic financial plan, updated for the approved 2006 budget, indicates a further loss for the year ending December 31, 2006 in the amount of $1.5 million and a recovery of the accumulated deficit by the end of 2014.

The financial statements do not reflect adjustments that may be necessary if the continued use of the going concern assumption is not appropriate.

3. Significant accounting policies:

(a) Basis of presentation:

The Corporation's 100% investments in TCM Telecare Management Inc. ("TCM") and PRIME Corp Police Records Information Management Environment Incorporated ("PRIME Corp") are recorded at cost. The accounts of TCM and PRIME Corp are not consolidated with those of the Corporation as E-Comm does not control either TCM's or PRIME Corp's operations.

(b) Revenue recognition:

All sources of revenue are recognized on an accrual basis.

(c) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cash held in banks and term deposits maturing within ninety days from the date of acquisition, net of bank overdrafts.

(d) Financial instruments:

The carrying values of cash and term deposits, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

The Corporation is subject to interest rate risk on certain components of its long-term debt. Management does not believe there to be a significant credit risk exposure relating to its accounts receivable.

(e) Financing costs:

Financing costs incurred for the issuance of debt have been deferred and are being amortized over the term of the debt.

3. Significant accounting policies: *(continued)*

(f) Deferred development costs:
Deferred development costs, including salaries and other operating costs deferred through the pre-operating phase of the Corporation, are being amortized over a 12.5 year period, approximating the period of their recovery through billings, commencing April 1, 2002 for radio, January 1, 2003 for dispatch and July 1, 2003 for CAD.

(g) Prepaid land lease:
The land on which the E-Comm building is located has been leased from the City of Vancouver for a period of 99 years commencing 1999. The prepaid amount is being amortized over the term of the lease.

(h) Property, plant and equipment:
Property, plant and equipment are stated at cost less related government assistance, net of accumulated amortization. Interest costs, directly attributable to major projects, are capitalized and, at project completion, are amortized over the estimated life of the underlying assets.

Amortization begins when assets are put into use and is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Rate
Building	40.0 years
Building equipment	10.0 years to 25.0 years
Furniture, fixtures and equipment	3.0 years to 10.0 years
Radio	7.5 years to 25.0 years
Computer aided dispatch ("CAD")	10.5 years
Dispatch consoles and voice systems	5.0 years to 12.5 years
Remote dispatch	7.0 years to 10.5 years
Records management system	10.5 years
User equipment	4.0 years to 12.5 years

(i) Related party transactions:
Transactions with related parties are in the normal course of operations, and are recorded at the agreed upon exchange amount. Contractual arrangements and service agreements with related parties are subject to the Corporation's tendering and proposal processes.

(j) Measurement uncertainty:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Significant areas requiring the use of management estimates relate to the allowance for doubtful accounts, the useful lives of property, plant and equipment and deferred development costs for amortization, fair values of asset retirement obligations, and impairment of assets.

4. Investment in TCM Telecare Management Inc. and PRIME Corp:

In February 2001, E-Comm established TCM, a wholly owned company, to provide telephone call centre triage and self-care support services to residents of British Columbia. Known as "BC HealthGuide NurseLine", the initiative and operations are funded and controlled by the Province of British Columbia Ministry of Health under the "BC HealthGuide" program. The service started April 2001 and is staffed by registered nurses on a 24-hour, 365-days-per-year basis.

4. Investment in TCM Telecare Management Inc. and PRIME Corp: *(continued)*

In March 2003, E-Comm established PRIME Corp, a wholly owned company, to roll out the Versaterm records management system throughout British Columbia. The initiative and operations are funded and controlled by the Province of British Columbia, Minister of Public Safety and Solicitor General.

5. Debt reserve fund:

E-Comm is required to maintain 1% of the borrowings outstanding through the Municipal Finance Authority of British Columbia ("MFA") in a debt reserve fund administered by the MFA. This amount was paid out of the original debt proceeds and is presented together with interest earned on the reserve fund investments. Demand notes in the aggregate amount of $7,917,700 (2004 - $7,917,700) are also provided by E-Comm to the MFA.

If at any time, E-Comm does not have sufficient funds to meet payment due on its obligations, the payments shall be made from the debt reserve fund. The demand notes payable by E-Comm are callable only if there are additional requirements to be met to maintain the debt reserve fund at a specified level. As management considers payment of the demand notes to be unlikely, no amount for the demand notes has been recorded in the financial statements. The amounts due to E-Comm from the debt reserve fund are repaid to E-Comm when the respective loan agreements mature. No debt reserve fund installment payments were made during the year (2004 - nil). Interest earned on the debt reserve fund amounts to $85,971 (2004 - $91,911).

6. Property, plant and equipment:

			2005	2004
	Cost	Accumulated amortization	Net book value	Net book value
Building	$ 8,990,205	$ 1,630,849	$ 7,359,356	$ 7,604,417
Furniture, fixtures and building equipment	7,381,450	3,510,276	3,871,174	3,716,948
Radio	65,943,224	16,470,344	49,472,880	53,832,270
Wireless equipment	469,279	125,140	344,139	381,681
Dispatch consoles and voice systems	5,174,335	1,940,696	3,233,639	3,579,204
Remote dispatch	2,570,220	897,087	1,673,133	1,786,612
CAD	6,844,285	1,732,599	5,111,686	7,012,684
Records management system:				
Police	4,362,496	1,910,854	2,451,642	2,867,118
Fire	479,395	-	479,395	-
User equipment	33,298,527	14,474,242	18,824,285	19,959,153
	$ 135,513,416	$ 42,692,087	$ 92,821,329	$ 100,740,087

PRC Altaris CAD is the software and hardware components that comprise the computer aided dispatch system. All current committed agencies on PRC CAD are responsible for the full capital costs of CAD; thus there will be future cash flows to ensure the recoverability of the committed portion of PRC CAD. In 2004, the unfunded portion of PRC CAD (31.1%) due to non-participation was recognized as an impairment loss. An additional 12.4% has been recorded as an impairment loss in 2005.

The RMS Phase 1 Agencies (Vancouver Police, Port Moody Police and Richmond RCMP) have all rolled off the RMS system, rendering the RMS System being taken out of service. Subsequently to year end, the Ministry of Public Safety and Solicitor General have provided E-Comm with an unconditional grant of $2,347,543 for payment of the outstanding RMS capital obligation owned by the Phase 1 Agencies.

7. Long-term debt:

	2005	2004
		(restated -note 16)
5.46% unsecured note payable, maturing March 24, 2021(a)		
Original obligation	$ 84,853,000	$ 96,469,000
Incremental principal balance	19,102,000	14,486,000
Cumulative interest differential relating to incremental principal balance	(976,181)	(530,361)
6.05% unsecured note payable, maturing June 1, 2022 (b)	14,430,054	14,979,100
4.775% unsecured note payable, maturing October 3, 2023 (c)	7,201,805	7,448,783
Demand promissory note, due December 12, 2008 (d)	5,000,000	5,000,000
Total long-term debt	129,610,678	137,852,522
Current portion of long-term debt	11,835,824	12,796,023
	$ 117,774,854	$ 125,056,499

On March 24, 1998, the Corporation entered into an agreement with the MFA to borrow up to a maximum of $170 million. This amount has been drawn as follows:

(a) On March 24, 1998, E-Comm obtained $146,316,000 of debenture financing through the MFA. The loan is unsecured and has an initial ten year term with interest at 5.46% per annum and a further twelve year term at 6.47% per annum.

During 2003, the Board of Directors approved, and the MFA agreed to, a revised repayment schedule, and a provision for refinancing at March 24, 2021, to better align the timing of E-Comm's cash flows with its operating needs. The balance of the debt under the original repayment schedule continues to be subject to the original fixed interest rate of 5.46%. Any incremental principal balance resulting from the revised repayment schedule is subject until March 24, 2008 to the MFA's Interim Financing Program at a floating rate of approximately prime less 1.25% compounded monthly. Principal repayment amounts will vary from year to year in accordance with the revised payment schedule. Nominal cash payments for interest will be based on the fixed rate of 5.46% applied to the entire outstanding balance of this note. Any cumulative difference between cash payments for interest and actual interest costs calculated as above will be recorded as an asset or liability of the Corporation depending on the floating rate. On March 24, 2008, the expected incremental principal balance amount of $36,186,000, adjusted for any deficiency or excess of actual interest cost over cash payments for interest, and any refinancing charges, will be subject to refinancing from March 2008 to 2021 at the then market interest rate. The cost of refinancing is dependent on market rates of interest in effect at March 24, 2008. Based on rates in effect at December 31, 2005, the cost to refinance would be approximately $3.8 million. The cost of refinancing declines as market rates increase. The refinanced interest rate will then be a blend of the fixed rate of 6.47% on the originally scheduled March 24, 2008 balance of $54,769,000 and the market interest rate on the incremental principal balance amount.

(b) On April 9, 2002, E-Comm obtained an additional $16 million of financing through the MFA as a further drawdown to the $170 million. This loan has a term of 20 years with annual blended principal and interest payments of $1,453,481 and a final payment date of June 1, 2022 and bears interest at a rate of 6.06% with interest calculated and paid semi-annually each year of the loan.

(c) On September 23, 2002, E-Comm obtained an additional $7,684,000 of financing through the MFA as the final drawdown to the $170 million. This loan requires annual blended principal and interest payments of $599,295, has a final payment date of October 3, 2023 and bears interest at a rate of 4.775% with interest calculated and paid semi-annually each year of the loan.

7. Long-term debt: *(continued)*

(d) On December 12, 2003, E-Comm obtained an additional $5 million of financing through the MFA, under a December 3, 2003 board resolution that authorized the Corporation to re-borrow up to $28,361,000 that has been paid back by the Corporation to the MFA on the original loan of $146,316,000. This loan has been established as a temporary borrowing with interest at the Bank of Montreal 30-day banker's acceptance rate accrued daily and paid quarterly. This loan is due on demand with no structured principal repayment terms, and is therefore classified as a current liability.

The repayment requirements, net of estimated sinking fund asset balances representing contributions made to date, under the existing borrowing agreements for long-term debt of the Corporation during the next five years and thereafter are as follows:

Year ending December 31:	
2006	$ 11,835,824
2007	6,877,616
2008	5,445,315
2009	967,571
2010	6,015,950
Thereafter	98,468,402
Total long-term debt	$ 129,610,678

8. Deferred revenue and other liabilities:

	2005	2004
(a) Prepayment of user equipment capital costs	$ 1,102,280	$ 1,450,353
(b) Funding for RCMP CIIDs platform	500,000	500,000
(c) TCM contract service fees	150,000	250,000
(d) BCAS CAD capital payout	3,171,090	-
(e) PRIME Corp contract service fee	-	112,500
(f) Other	37,240	73,126
Total deferred revenue and other liabilities	$ 4,960,610	$ 2,385,979

Deferred revenue and other liabilities consists of the following:

(a) Radio system levies from member agencies consisting of prepayments of user equipment capital costs. These amounts will be recognized as revenue over the useful lives of the related property, plant and equipment.

(b) The Corporation received funding from the RCMP to be used towards the consolidation of the RCMP CIID's platform. At year end, $500,000 (2004 - $500,000) of this funding (included within cash and cash equivalents) remains to be spent on the CIID's platform.

(c) Unrecognized contracted services fees of $150,000 (2004 - $250,000) have been received as an advance for TCM Telecare operating costs for January 2006 to March 2006.

(d) The Corporation received funding in the amount of $2,293,485 from BC Ambulance Services ("BC Ambulance") for their proportionate capital share of PRC CAD, which amortized over the remainder of the life of PRC CAD.

8. Deferred revenue and other liabilities: *(continued)*

BC Ambulance has also prepaid an amount of $1,066,307 is being for its proportionate share of the unfunded portion of the capital costs relating to the PRC CAD. This money is placed in trust and all interest accrued (December 31, 2005 – $15,381) to the benefit of BC Ambulance if the unfunded portion is not to be paid by the Agencies committed to the PRC CAD.

(e) The Corporation received funding in advance for contract service fees from Prime Corp. (note 12).

9. Asset retirement obligation:

The Corporation has recorded an asset retirement obligation for the estimated costs of restoring certain site leases that the Corporation's radio towers are situated on to their original condition at the end of the lease terms. Changes in the asset retirement obligation during the year are as follows:

	2005	2004
Balance, beginning of year	$ 1,022,072	$ 972,667
Accretion expense, net of recovery	38,910	49,405
Balance, end of year	$ 1,060,982	$ 1,022,072

The undiscounted estimated cash flows required to settle the obligation range from $10,000 to $130,000 during the years 2006 to 2066. The cash flows are discounted using a credit adjusted risk-free rate of 4.75% to 5.25% (2005 - 4.75% to 5.25%).

Other assumptions used by management to determine the carrying amount of the asset retirement obligation include costs to restore the site lease to its original condition and the rate of inflation over the expected years to settlement.

There are certain obligations with an indeterminable useful life, where adequate information is not available to estimate fair value. These amounts are not material.

10. Share capital:

(a) Authorized:

350 class A common voting shares without par value. Following project completion, class A shareholders are obligated to share in funding both the on-going operations and any additional costs relating to property, plant and equipment (in accordance with a cost-sharing formula). Upon a member acquiring a class A share, that member shall have agreed to use the Corporation's wide area radio system network to which the class A share relates.

150 class B common restricted voting shares without par value. Following project completion, class B shareholders can elect to become class A shareholders on the condition that the member agrees to use the Corporation's wide area radio system network. Class B shareholders are not obligated to share in funding the on-going operating costs.

(b) Issued:

	2005	2004
21 class A common voting shares (2004 - 20)	$ 210	$ 200
27 class B common restricted voting shares (2004 - 27)	270	270
	$ 480	$ 470

In December 2005, Greater Vancouver Transit Authority Police Services purchased one (1) class A common voting share.

10. Share capital: *(continued)*

(c) RCMP Special User Agreement:

Due to existing Federal restrictions, the RCMP cannot become a shareholder in the Corporation. Consequently, a Special User Agreement has been executed such that the RCMP has the right to participate in the E-Comm project on the same terms and conditions as the class A shareholders, including the obligation to fund both the on-going operating costs and any additional costs relating to property, plant and equipment (in accordance with a cost-sharing formula).

11. Fair value of financial instruments:

The fair value of long-term debt and debt reserve fund at December 31, 2005 is $133,590,357 (2004 - $147,654,536) and $2,050,839 (2004 - $2,013,305), respectively.

12. Related party transactions:

Included in accounts payable is an amount of $1,620,258 (2004 - $1,638,892) due to TCM. During the year, the Corporation received an administrative fee of $1,193,975 (2004 - $692,163) from TCM. Included in accounts receivable is an amount of $31,483 (2004 - $47,219) due from PRIME Corp. The Corporation received a contracted services fee of $1,506,473 (2004 - $450,000) from PRIME Corp.

13. Commitments:

(a) The Corporation has entered into leases of land for radio tower sites. These leases expire in future years from 2006 to 2066 and are renewable at the option of the Corporation. Future minimum payments under these leases, excluding option periods, are approximately as follows:

Year ending December 31:		
2006	$	444,603
2007		383,448
2008		385,731
2009		314,642
2010		197,259
Thereafter		1,721,569
	$	3,447,252

(b) In 2005, E-Comm entered into a software purchase agreement with FDM Software in the amount of $1,790,821. The annual support and maintenance for this agreement is $136,029.

(c) Municipal pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (the "plan"), a jointly trusteed pension plan governed by the BC Public Sector Pension Plans Act. The pension plan is a multi-employer contributory defined benefit pension plan with about 123,000 active contributors, including approximately 28,000 contributors from over 180 local governments. Joint trusteeship was established effective April 5, 2001. The board of trustees, representing plan members and employers, is fully responsible for the management of the pension plan, including investment of the assets and administration of the plan. The British Columbia Pension Corporation provides benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the pension plan.

13. Commitments: *(continued)*

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicates a deficit of $789 million, compared to a surplus of $436 million at the previous valuation in December 2000. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. The Corporation expenses contributions to the plan in the year in which payments are made. The Corporation paid $958,090 (2004 - $915,063) for employee contributions to the plan in the year.

14. Contingencies:

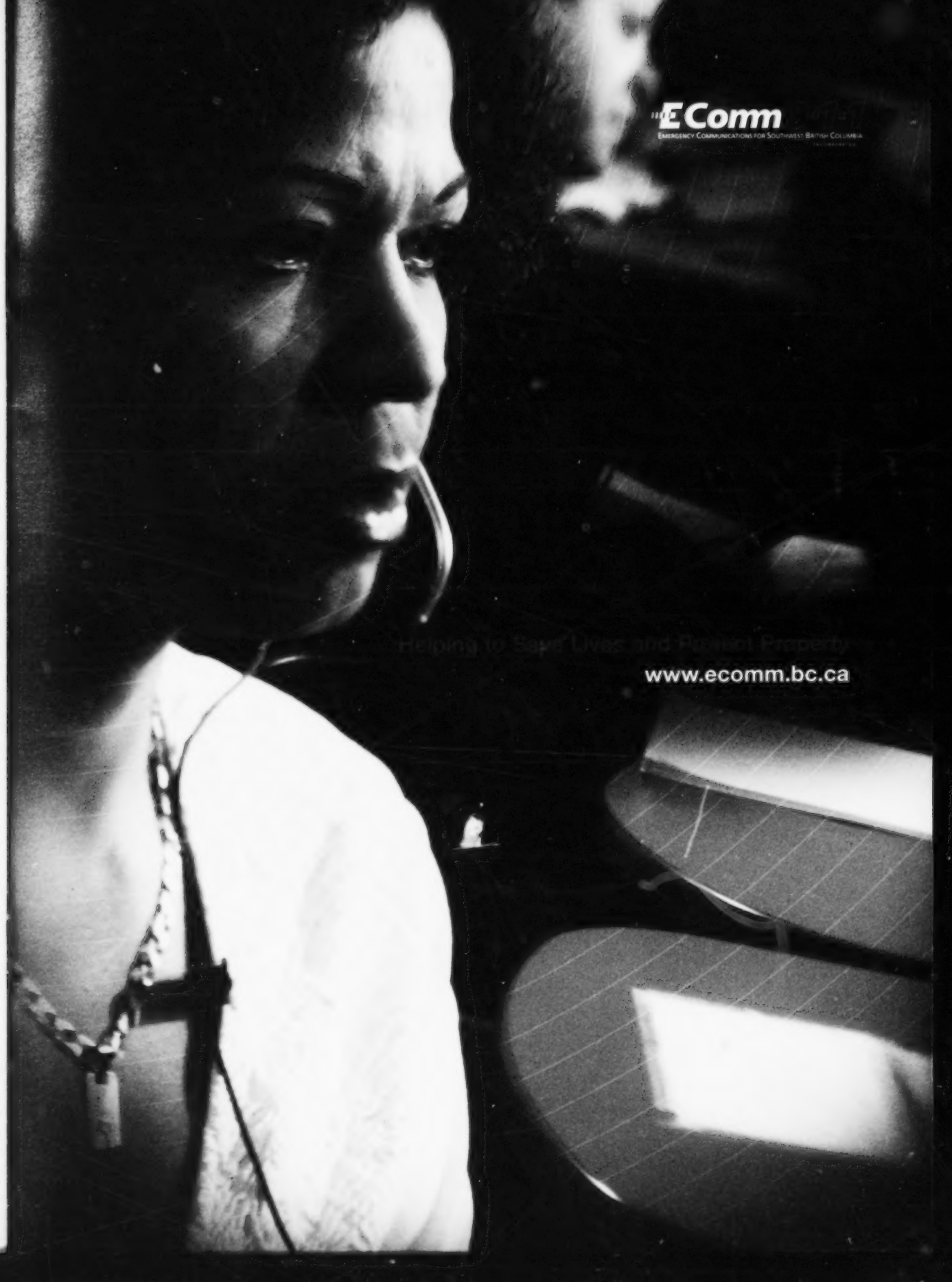
As at December 31, 2005, there were various legal claims pending against the Corporation arising in the ordinary course of its operations. The Corporation has made provision for certain claims, based on the best estimate of the loss to be incurred, but has made no specific provision for those where the outcome is presently undeterminable. Management does not anticipate claims for which no provision has been made to result in material loss to the Corporation.

15. Subsequent event:

The contract with the Province of British Columbia Ministry of Health for the provision of the "BC Healthguide Nurseline" (note 4) (operating as a wholly-owned company, TCM Telecare Management Inc.) will expire June 30, 2006. Subsequent to the year end, an interim contract is being drafted to extend the term of the contract beyond June 30, 2006. In accordance with a Board decision on February 10, 2005, E-Comm will no longer be the provider of the BC HealthGuide Nurseline at the end of the interim contract.

16. Prior period adjustment

The results of prior periods have been restated to correct for an error in the recording of interest expense on long-term debt. As a result of this correction, the opening deficit for the years ended December 31, 2005 and 2004 has decreased by $530,361 and $138,845, respectively, over the amounts previously reported, the amount reported for long-term debt as at December 31, 2004 has decreased by $530,361 over the amount previously reported, and the amount recorded for interest expense for the year ended December 31, 2004 has decreased by $391,516 over the amount previously reported.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